



Fact Sheet

U.S. Department of Agriculture
Foreign Agricultural Service
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Permanent Normal Trade Relations with China **What's at Stake for Idaho?**

Idaho is an important producer of agricultural and forest products that are exported worldwide. The state's farm cash receipts and forest industry shipments totaled \$3.3 billion in 1998 and \$2 billion in 1996, respectively. As for exports, the value of agricultural products leaving the state was estimated at \$833 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

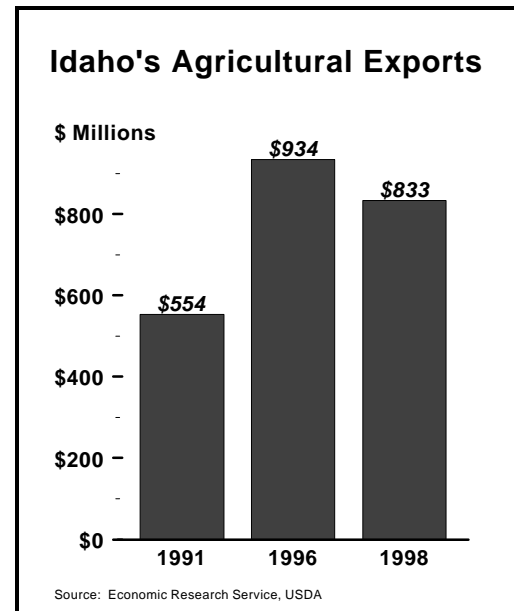
Trade Benefits

The following key products are important to Idaho, and expected to reap some of the largest agricultural export gains from China's accession to the World Trade Organization (WTO).

Vegetables--Idaho is the top potato-growing state and a major producer of beans, onions, and sweet corn. Idaho's fresh and processed vegetable exports worldwide were estimated at \$310 million in 1998. Under its WTO accession agreement, China's tariffs on vegetables will drop up to 60 percent, depending on the product, by 2004. For example, the existing tariff on frozen french fries will drop from 25 percent to 13 percent, and tariffs on potato chips, flakes, flour and starch will drop up to 50 percent from current levels. Frozen and canned sweet corn, tomato and tomato paste are among other products earmarked for tariff reductions.

Wheat--Idaho is the nation's seventh largest wheat producer. Its exports of wheat and products were estimated at \$179 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on wheat will be initially set at 7.3 million metric tons and grow to 9.6 million metric tons by 2004. As a result of the 1999 U.S.-China bilateral agreement, China also agreed to import wheat and other grains from the Pacific Northwest. In 1998, China imported less than 2 million metric tons of wheat from all countries.

Beef--Idaho's livestock and product exports were estimated at \$77 million in 1998. China currently imports very little beef, but income growth and rising demand from urban centers are expected to result in significantly increased demand for imports. China currently imports very little beef, but income growth and rising demand from urban centers are expected to result in significantly increased demand for imports. Under its WTO accession agreement, China will



lower its tariff from 45 percent to 12 percent on frozen beef and from 45 percent to 25 percent on chilled beef by 2004. Tariffs on variety meats will be lowered from 20 percent to 12 percent. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all beef from the United States that is accompanied by a USDA certificate of wholesomeness.

Solid Wood Products—Idaho's lumber industry is important to its economy. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.